

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

-----In the Matter of-----)
)
HAWAIIAN ELECTRIC COMPANY, INC.) DOCKET NO. 2020-0090
HAWAII ELECTRIC LIGHT COMPANY, INC.)
MAUI ELECTRIC COMPANY, LIMITED)
dba Hawaiian Electric)
)
For Approval of a First Amendment to)
Petroleum Fuel Supply Contract with)
Par Hawaii Refining, LLC, imported)
fuel by the Companies, and cost)
savings opportunities and to include)
the Associated Costs in the Companies')
Energy Cost Recovery Clause.)
_____)

ORDER NO. 37935

RE-OPENING THE DOCKET

BEFORE THE PUBLIC UTILITIES COMMISSION
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RE-OPENING THE DOCKET

By this Order, the State of Hawaii Public Utilities Commission ("Commission"),¹ re-opens this docket for the purpose of housing the various reporting requirements established in

¹The Parties to this proceeding are HAWAIIAN ELECTRIC COMPANY, INC., HAWAII ELECTRIC LIGHT COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED (collectively, "Hawaiian Electric") and the DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party to this proceeding pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules § 16-601-62(a). In addition, the Commission has admitted LIFE OF THE LAND ("LOL") as an Intervenor and the HAWAII STATE ENERGY OFFICE ("SEO") as a Participant pursuant to Order No. 37203, "(1) Granting Life of the Land's Motion to Intervene; (2) Granting the Hawaii State Energy Office's Motion to Participate; (3) Instructing the Parties and Participants to Submit a Joint Stipulation of the Elements for a Greenhouse Gas Analysis; and (4) Instructing the Parties to Submit a Proposed Procedural Order," filed July 7, 2020.

Decision and Order No. 37857,² as well as certain other materials identified in this Order.

On June 9, 2020, Hawaiian Electric filed an application requesting, in relevant part, approval of the First Amendment of a fuel supply agreement between Hawaiian Electric and PAR HAWAII REFINING, LLC ("Par").³

On July 6, 2021, the Commission issued D&O 37857, which approved the First Amendment between Hawaiian Electric and Par, subject to certain conditions. Specifically, as conditions to approval, Hawaiian Electric is required to:⁴

1. File a comprehensive update to its Fuels Master Plan ("FMP") no later than January 31, 2022. At a minimum, this updated FMP shall include:

- a. A detailed plan for structuring its portfolio of commercial arrangements to balance fuel supply costs and risks.
- b. An analysis on the feasibility of spot market purchasing and how Hawaiian Electric would undertake conducting spot market purchases, if deemed necessary.
- c. A contingency plan that addresses alternative fuels to Low Sulfur Fuel Oil ("LSFO"),

²Decision and Order No. 37857, filed July 6, 2021 ("D&O 37857").

³"Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited's Application; Verification; and Exhibits A-F," filed on June 9, 2020 ("Application"), at 17-18.

⁴See D&O 37857 at 65-70.

further consolidation in the refinery market, and the potential exit of Par from the State, as well as an analysis of renewable energy alternatives instead of using fossil fuel for electricity generation.

- d. A greenhouse gas analysis based on Hawaiian Electric's updated FMP, including analyses of each of the various scenarios presented in the FMP.

2. Collaborate with the SEO to develop a Common Operating Picture ("COP"), which is intended to help determine the degree to which supply reliability or statewide emergency assurance risk would be impacted should the Par refinery permanently shut down.⁵

3. Notify Par that it will not be entering into an extension of the fuel supply agreement past the original fuel supply agreement term of December 31, 2022.

In addition, certain reporting requirements originally established in Docket No. 2018-0413, which approved the original fuel supply agreement between Hawaiian Electric and Par, were transferred to this docket, including its semi-annual updates to its original FMP and its quarterly status reports regarding LSFO purchases under the First Amendment.⁶

⁵See D&O 37857 at 33-34.

⁶D&O 37857 at 71.

D&O 37857 closed this docket, but clarified that the above reporting requirements would still be filed in this docket.⁷

After further consideration of the implications of the First Amendment, including the relatively short duration of the contract, and the significant consequences of Hawaiian Electric's decisions with respect to fuel supply and resource planning, the Commission has determined that further review and oversight of these critical next steps is warranted. This approach will help to ensure that the utility and stakeholders are better prepared to address the circumstances at the end of the First Amendment, consistent with the State's renewable energy goals, while protecting ratepayer interests.

In furtherance of the above, the Commission instructs Hawaiian Electric to file the following in this docket by September 8, 2021:

1. The results of their Requests for Proposals ("RFP"), issued on June 30, 2021;⁸ and

2. A progress report on its pending update of its FMP.

⁷D&O 37857 at 72.

⁸See Letter From: K. Katsura To: Commission Re: Docket No. 2020-0090 - For Approval for a First Amendment to Petroleum Fuel Supply Contract with Par Hawaii Refining, LLC; Quarterly Status Report, filed July 30, 2021, Attachment B at 1.

The Commission finds that the provision of this information will complement the reporting conditions established in D&O 37857. Additionally, a progress report on the FMP update will reassure stakeholders that Hawaiian Electric remains on track to meet the January 31, 2022 deadline; alternatively, to the extent there are unexpected challenges, this will allow the Commission to address these in a timely manner.

Further, in addition to helping the Commission and interested stakeholders monitor Hawaiian Electric's compliance with D&O 37857, this information can assist the Commission in its investigation of performance mechanisms in Docket No. 2018-0088, where the Commission and parties are preparing to discuss performance mechanisms addressing, inter alia, cost control for Hawaiian Electric's fossil fuel expenses.⁹

In ordering the above, the Commission clarifies that the re-opening of this docket is intended to facilitate its use as a repository for the materials and reports identified in this Order and D&O 37857. Consequently, no procedural schedule is established at this time, and the Commission is not modifying the approvals provided in D&O 37857. Depending on the nature of the information

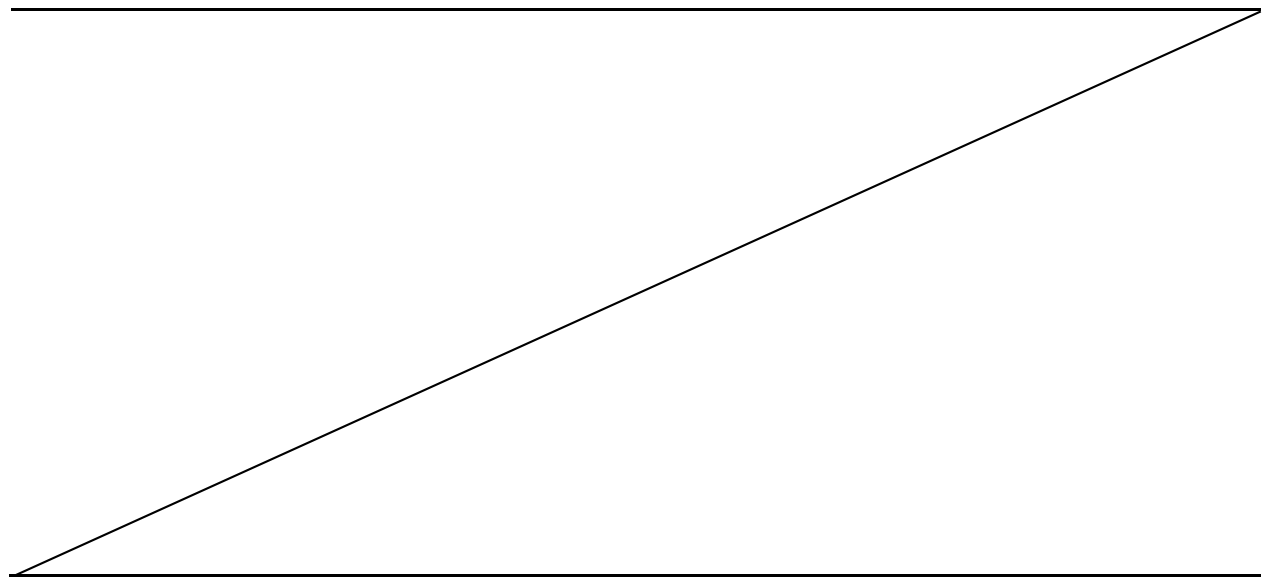
⁹See Docket No. 2018-0088, Letter From: Commission To: Service List Re: Docket No. 2018-0088; Notice to PBR Working Group of Commission's Intent to Develop New Performance Mechanisms, filed July 9, 2021.

provided in the reports and other materials filed in this docket, the Commission may take further action in this, or other proceedings, depending on the circumstances. However, any such action would be prospective; i.e., the Commission is not considering modification or revocation of its approval of the First Amendment. The Commission further clarifies that the provisions of the Protective Order governing this docket remain in place.¹⁰

THE COMMISSION ORDERS:

1. This docket is re-opened to serve as a repository for the reporting requirements established in D&O 37857 and in this Order.

2. By September 8, 2021, Hawaiian Electric shall file in this docket:



¹⁰See Protective Order No. 37188, filed June 25, 2020.

A. The results of their RFPs issued on June 30, 2021; and

B. A progress report on its update of its FMP.

DONE at Honolulu, Hawaii AUGUST 25, 2021.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By James P. Griffin
James P. Griffin, Chair

By Jennifer M. Potter
Jennifer M. Potter, Commissioner

By Leodoloff R. Asuncion, Jr.
Leodoloff R. Asuncion, Jr., Commissioner

APPROVED AS TO FORM:

Mark Kaetsu
Mark Kaetsu
Commission Counsel

2020-0090.ljk

CERTIFICATE OF SERVICE

Pursuant to Order No. 37043, the foregoing Order was served on the date it was uploaded to the Public Utilities Commission's Document Management System and served through the Document Management System's electronic Distribution List.

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